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Casey holds share in firm asking US aid

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WASHINGTON — CIA director William J. Casey is a one-fifth shareholder in a synthetic fuels company with an application before the government-sponsored US Synthetic Fuels Corp. It was learned yesterday.

The company, Energy Transition Corp., seeks loan and price guarantees from the agency for a \$350-million project in Creswell, N.C. Called First Colony, the project would be the first to gasify peat to produce a fuel called methanol.

Others associated with Casey in the venture are former members of the Nixon Administration in which Casey served.

Through a CIA spokesman, Casey acknowledged his interest in the venture. The one-line statement said: "Mr. Casey is a small, inactive stockholder and knows nothing about the activities of the company."

Casey is the first CIA director in at least three Administrations who maintains direction of his own financial affairs. He has not put his financial transactions into a blind trust, as did George Bush under President Richard M. Nixon, and Stansfield Turner in the Carter Administration, according to Spencer Davis of the Senate Intelligence Committee.

Robert W. Fri, a Washington businessman and a former deputy administrator of the Energy Research and Development Administration, which later became part of the Energy Department, is the head of Energy Transition Corp. Fri said yesterday that Casey's involvement in the operation is about zero.

Fri said that the corporation was formed 3 1/2 years ago with five shareholders. Casey was one of the original guys in the venture, said Fri. Fri said that when Casey was appointed director of CIA, he got out of the business actively and his only interest now is that of a shareholder.

The partners in the firm are Casey; Fri; Charles W. Robinson, former deputy Secretary of State; Frank G. Zarb, former administrator of the Federal Energy Administration, and William Turner, former US representative to the Organization for Economic Cooperation and Development. The men served together during the Ford and Nixon administrations.

Under President Gerald Ford, Casey served both as head of the Export-Import Bank and at the State Department as undersecretary for economic affairs. He was Nixon's chairman of the Securities and Exchange Commission.

The First Colony venture has as its principal sponsors, in addition to Energy Transition Corp., Koppers Co., Inc., and J.B. Sunderland.

This consortium, called Peat Methanol Associates, wants to build a plant near Creswell, N.C., that would be capable of converting 676,500 tons of peat a year into 67.5 million gallons of methanol. The principal source of financial backing for the project is the Koppers Co., acting through a subsidiary called North Carolina Synfuels Corp.

Financing for the venture would all be private, if it wins approval from the Synthetic Fuel Corp. Where the government-sponsored agency's role would come into play, according to Fri, is in a complicated set of guarantees involving the price of the methanol fuel and in the interest rates paid on the \$350-million loan.

The agency would subsidize the price of what Fri referred to as "uneconomic" methanol fuel, or fuel whose cost of production exceeds what it could get in the world market. Fri said it would also subsidize the corporation temporarily for fluctuating interest rates on the capital investment of the project. Without such a subsidy, he said, the project would be "uneconomic."

Casey, according to a source who has searched the Senate Intelligence Committee records, did not file with the committee a disclosure of his involvement with the First Colony project, or his role as one of the sponsors with Energy Transition Corp. According to the same source, he did file an amended statement last summer when the entire confirmation process of Casey was reopened.

Casey did not include his interest in Energy Transition in his initial financial disclosure statement filed Jan. 9, 1981, when his prospective nomination was under consideration by the Senate Intelligence Committee. The firm was formed in early 1979.

Last August, however, Casey amended his disclosure statement to include 10 additional holdings, including his interest in Energy Transition. In the amended statement, he described the value of his stock at somewhere between \$5000 and \$15,000.

The Synfuel Corp. was established as part of President Jimmy Carter's energy program to encourage the national production of alternative fuels.

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